



County of Los Angeles CHIEF EXECUTIVE OFFICE

Kenneth Hahn Hall of Administration
500 West Temple Street, Room 713, Los Angeles, California 90012
(213) 974-1101
<http://ceo.lacounty.gov>

WILLIAM T FUJIOKA
Chief Executive Officer

May 15, 2012

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

**AMENDMENT NO. 2 TO LEASE NO. 73639
DEPARTMENT OF CHILDREN AND FAMILY SERVICES
28470/28490 AVENUE STANFORD, SANTA CLARITA
(FIFTH DISTRICT) (3 VOTES)**

SUBJECT

The recommendation is to approve a five-year lease renewal for 36,087 rentable square feet of office space and 200 surface parking spaces for the Department of Children and Family Services.

IT IS RECOMMENDED THAT YOUR BOARD:

1. Find that the project is exempt from the provisions of the California Environmental Quality Act pursuant to Class 1 of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State of California Environmental Quality Act Guidelines (Existing Facilities).
2. Approve and instruct the Chairman to sign the lease amendment with AG-POP VALENCIA, LLC, a Delaware limited liability company (Lessor), to renew the lease for an additional five-year term. The lease amendment will be effective upon Board approval and will continue to provide the Department of Children and Family Services uninterrupted use of 36,087 rentable square feet of office space and 200 surface parking spaces at an annual base rent of \$900,731. The lease costs are 78 percent funded by Federal and State subvention and 22 percent net County cost.

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3. Authorize the Chief Executive Office and the Department of Children and Family Services to commence the five-year lease renewal term upon Board approval.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Since May 21, 2002, the Department of Children and Family Services (DCFS) Region VIII, Family and Child Welfare and Start Taking Action Responsibly Today (START) programs, with a combined staff of 216, has been housed in approximately 32,743 rentable square feet of office space located at 28490 Avenue Stanford, Santa Clarita. As of December 14, 2010, Amendment No. 1 provided DCFS expansion space located at 28470 Avenue Stanford, an adjacent building within the office park consisting of an additional 3,344 rentable square feet to house 33 additional staff.

The proposed Amendment No. 2 to renew the lease will provide DCFS uninterrupted use of 36,087 rentable square feet of office space and 200 surface parking spaces for 249 staff, and provide an operational environment for the provision of comprehensive and collaborative public services. Approval of the proposed lease will provide DCFS a facility of adequate size and central location to continue program operations with the flexibility to meet future needs.

Implementation of Strategic Plan Goals

The Countywide Strategic Plan Goal of Operational Effectiveness (Goal 1) directs that we maximize the effectiveness of processes, structure, and operations to support timely delivery of customer-oriented and efficient public services; Fiscal Sustainability (Goal 2) directs that we strengthen and enhance the County's capacity to sustain essential County services through proactive and prudent fiscal policies and stewardship; and Integrated Services Delivery (Goal 3) directs that we maximize opportunities to measurably improve client and community outcomes and leverage resources through the continuous integration of health, community, and public safety services. The proposed lease supports the foregoing with a centrally and co-located facility as further outlined in Attachment A.

FISCAL IMPACT/FINANCING

The proposed lease amendment will provide DCFS uninterrupted use of 36,087 rentable square feet of office space and 200 surface parking spaces included in the base rent. The existing modified gross lease mandates the County pay the cost of electricity in addition to the base rent. The proposed annual rental cost of \$1,495,264 includes a base rent of \$900,731, plus the estimated annual cost of electricity of \$594,533. The annual base rent will remain fixed throughout the extended lease term and will not be subject to adjustment. The cost of electricity will vary with the rate and use of the utility.

28470/90 Avenue Stanford, Santa Clarita	Existing Lease	Proposed Amendment	Change
Area (Square Feet)	36,087	36,087	None
Term	Ten years (5/21/02-5/20/12)	Five years (5/21/12-5/20/17)	Five years
Annual Rent	\$719,036 (\$19.93/sq. ft.)*	\$900,731 (\$24.96/sq. ft.)*	+\$181,695 (+\$5.03/sq. ft.)
Preparation of Premises	Yes	Yes	None
Cancellation	At any time after 60 months with 120 days notice	At any time after 36 months with 180 days notice	-24 months; +60 days notice
Parking	200 surface spaces (5.5/1,000)	200 surface spaces (5.5/1,000)	None
Option to Renew	Two five-year options	One five-year option	One five-year option
Annual Rental adjustment	None	None	None

* The County pays for electricity which based on calendar year 2011 cost \$1.37/sq. ft., or \$49,544 annually.

Sufficient funding for the proposed lease amendment is included in the recommended Fiscal Year (FY) 2012-13 Rent Expense budget and will be charged back to DCFS. DCFS has sufficient funding in its FY 2012-13 operating budget to cover the projected lease costs which are funded 78 percent by State and federal subvention and 22 percent net County cost.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The proposed lease amendment will provide DCFS uninterrupted use of 36,087 rentable square feet of office space and 200 surface parking spaces included in the base rent. The proposed lease amendment includes the following provisions:

- Upon adoption by the Board of Supervisors, the five-year extension will commence upon expiration of the existing lease term.
- The Lessor, at its sole cost and expense, will paint and install new carpet throughout the premises.

- The annual base rent will increase from \$719,036 to \$900,731, or \$24.96 per rentable square foot of the premises. The base rent will remain fixed for the remainder extended lease term.
- The County will continue to pay the cost of electricity in addition to the base rent estimated to be approximately of \$49,544 per year, or \$1.37 per rentable square foot of the premises.
- Pursuant to the original lease, the County will have one remaining option to renew the lease term for an additional five years at 90 percent of Fair Market Rental Value under the same terms and conditions.
- The County will have the right to cancel the lease at or any time after 36 months of the lease term by giving Lessor not less than 180 days prior written notice.
- All other terms and conditions of the original lease will remain unchanged and in full force and effect.

The Chief Executive Office (CEO), Real Estate Division staff surveyed the immediate area to determine the availability of comparable and more economical sites. Staff was unable to identify any sites in the surveyed area that could accommodate this requirement more economically or efficiently. Based upon the survey, staff has established that the annual rental range for similar space is between \$24.00 and \$34.20 per rentable square foot on a full service gross basis. The annual base rental rate of \$24.96 plus the cost of electricity of \$1.37 per rentable square foot for a total \$26.33 is in the lower market range for full service market rates in the area. Attachment B shows all County-owned and leased facilities countywide of equal or greater size and no County-owned or leased facilities are available for this program.

A childcare facility is not feasible at this location. The facility built in 1999 meets Department of Public Works seismic safety requirements and Americans with Disabilities Act accessibility requirements. The property is suitable for County occupancy. Notification letters have been sent to the City pursuant to Government Code Sections 25351 and 65402.

ENVIRONMENTAL DOCUMENTATION

The CEO has concluded that the project is exempt from the California Environmental Quality Act (CEQA) pursuant to Class 1, of the Environmental Document Reporting Procedures and Guidelines adopted by your Board, and Section 15301 of the State CEQA Guidelines (Existing Facilities).

The Honorable Board of Supervisors
May 15, 2012
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IMPACT ON CURRENT SERVICES (OR PROJECTS)

The proposed lease amendment will adequately provide the necessary office space for this County requirement. DCFS concurs with the proposed recommendation.

CONCLUSION

It is requested that the Executive Officer, Board of Supervisors, return two originals of the executed lease amendment and the adopted, stamped Board letter and two certified copies of the Minute Order to the CEO, Real Estate Division at 222 South Hill Street, Fourth Floor, Los Angeles, CA 90012.

Respectfully submitted,



WILLIAM T FUJIOKA
Chief Executive Officer

WTF:RLR:CMM:
CEM:MM:ls

Attachments

c: Executive Office, Board of Supervisors
County Counsel
Auditor-Controller
Children and Family Services
Internal Services

28470/90AvenueStanford.bl

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
28470/28490 AVENUE STANFORD, SANTA CLARITA**

Asset Management Principles Compliance Form¹

1.	<u>Occupancy</u>	Yes	No	N/A
A	Does lease consolidate administrative functions? ²			X
B	Does lease co-locate with other functions to better serve clients? ²		X	
C	Does this lease centralize business support functions? ²			X
D	Does this lease meet the guideline of 200 sq. ft of space per person? ² Ratio=145/sq. ft.		X	
2.	<u>Capital</u>			
A	Is it a substantial net County cost (NCC) program? 22% NCC		X	
B	Is this a long term County program?	X		
C	If yes to 2 A or B; is it a capital lease or an operating lease with an option to buy?		X	
D	If no, are there any suitable County-owned facilities available?		X	
E	If yes, why is lease being recommended over occupancy in County-owned space?			X
F	Is Building Description Report attached as Attachment B?	X		
G	Was build-to-suit or capital project considered? ² This is an amendment to renew an existing lease and the office space at a competitive market rental rate, therefore, these types of projects are not under consideration at this time.		X	
3.	<u>Portfolio Management</u>			
A	Did department utilize CEO Space Request Evaluation (SRE)?	X		
B	Was the space need justified?	X		
C	If a renewal lease, was co-location with other County departments considered?		X	
D	Why was this program not co-located?			X
	1. ____ The program clientele requires a "stand alone" facility.			
	2. <u>X</u> No suitable County occupied properties in project area.			
	3. ____ No County-owned facilities available for the project.			
	4. ____ Could not get City clearance or approval.			
	5. ____ The Program is being co-located.			
E	Is lease a full service lease? ² The County is responsible for the cost of electricity pursuant to the existing lease.		X	
F	Has growth projection been considered in space request?	X		
G	Has the Dept. of Public Works completed seismic review/approval?	X		
¹ As approved by the Board of Supervisors 11/17/98				
² If not, why not?				

**DEPARTMENT OF CHILDREN AND FAMILY SERVICES
28470/28490 AVENUE STANFORD, SANTA CLARITA**

Five-mile radius search from 28470/28490 Avenue Stanford, Santa Clarita

LACO	NAME	ADDRESS	GROSS SQUARE FEET	NET SQUARE FEET	Description	SQUARE FEET AVAILABLE
A524	DCFS-SANTA CLARITA (SPA 2)	28490 AVENUE STANFORD, SANTA CLARITA 91355	36,087	34,282	LEASED	None
A583	PARKS-SPECIAL DISTRICT ADMIN OFFICE	28245 AVENUE CROCKER, SANTA CLARITA 91355-5320	3,179	3,020	LEASED	None
0465	PCHS DT CTR-HONOR RANCHO ADMINISTRATION BLDG	29310 THE OLD RD, CASTAIC 91384	2,171	1,517	OWNED	None
0478	PCHS DT CTR-FIELD OFFICE / STORAGE BUILDING	29310 THE OLD RD, CASTAIC 91384	1,870	1,637	OWNED	None
0515	PCHS DT CTR-GUARD HOUSE OFFICE	29310 THE OLD RD, CASTAIC 91384	240	221	OWNED	None
1042	PCHS DT CTR-FOREMAN'S OFFICE	29310 THE OLD RD, CASTAIC 91384	174	104	OWNED	None
1936	PCHS DT CTR-REHABILITATION OFFICE	29310 THE OLD RD, CASTAIC 91384	4,477	3,823	OWNED	None
2570	PCHS DT CTR-MASONRY OFFICE	29310 THE OLD RD, CASTAIC 91384	288	246	OWNED	None
3733	PCHS DT CTR-WASTE DISPOSAL PLANT OFFICE	29310 THE OLD RD, CASTAIC 91384	760	266	OWNED	None
3315	PCHS DT CTR-COUNSELING OFFICE	29310 THE OLD RD, CASTAIC 91384	480	414	OWNED	None
X127	PCHS DT CTR-RANGE MASTER'S OFFICE	29310 THE OLD RD, CASTAIC 91384	665	362	OWNED	None
4792	PCHS DT CTR-MEDIUM SECURITY ADMINISTRATION	29310 THE OLD RD, CASTAIC 91384	25,726	16,719	OWNED	None
4504	PCHS DT CTR-NURSERY OFFICE	29310 THE OLD RD, CASTAIC 91384	1,629	1,230	OWNED	None
2444	PCHS DT CTR-TRUCK SCALE BUILDING	29310 THE OLD RD, CASTAIC 91384	54	40	OWNED	None
1935	PCHS DT CTR-LIBRARY	29310 THE OLD RD, CASTAIC 91384	4,477	3,861	OWNED	None
1036	PCHS DT CTR-MOTOR POOL OFFICE	29310 THE OLD RD, CASTAIC 91384	397	262	OWNED	None
A449	SHERIFF-SANTA CLARITA VALLEY DETECTIVE BUREAU	26340 CITRUS ST, VALENCIA 91355	9,500	9,025	LEASED	None
4687	PW ROAD-DIV #556 MAINT YD OFFICE	27624 W PARKER RD, CASTAIC 91384	576	441	OWNED	None
5543	SANTA CLARITA COURTHOUSE	23747 W VALENCIA BLVD, SANTA CLARITA 91355	32,950	20,624	OWNED	None
5542	SANTA CLARITA GOVERNMENT CENTER BUILDING	23757 W VALENCIA BLVD, SANTA CLARITA 91355	22,768	20,055	OWNED	None
A920	BOARD OF SUP-5TH DISTRICT FIELD OFFICE	23920 W VALENCIA BLVD, SANTA CLARITA 91355	1,224	1,026	LEASED	None
6179	CASTAIC LAKE-ADMINISTRATION BUILDING	32132 RIDGE ROUTE RD, CASTAIC 91310	2,642	1,507	CONTRACT	None
A741	PUB LIB-CASTAIC LIBRARY	27971 SLOAN CANYON RD, CASTAIC 91384	6,985	6,636	LEASED	None

**AMENDMENT NO. 2 TO LEASE NO. 73639
28470 AND 28490 AVENUE STANFORD, SANTA CLARITA**

THIS AMENDMENT NO. 2 to LEASE and AGREEMENT NO. 73639 ("Amendment No. 2") is made, entered and dated as of this _____ day of _____, 2012 by and between AG-POP VALENCIA, LLC, a Delaware limited liability company ("Lessor"), and the COUNTY OF LOS ANGELES, a body corporate and politic ("Lessee").

RECITALS

WHEREAS, a Lease by and between ICW VALENCIA HOLDINGS, LP, as Lessor, and the County of Los Angeles as Lessee was executed September 4, 2001, (the "Lease"), pursuant to which Lessor leased to Lessee those certain Premises located at 28490 Avenue Stanford, Santa Clarita, California, consisting of approximately 32,743 rentable square feet of office space and 223 surface parking spaces, (the "Premises") and;

WHEREAS, an Amendment between ICW VALENCIA HOLDINGS, LP, subsequently reorganized as ICW VALENCIA HOLDINGS, LLC, as Lessor, and the County of Los Angeles as Lessee was executed December 14, 2010 ("Amendment No. 1"), pursuant to which Lessor leased to Lessee, coterminous with the original Lease, those certain Premises located at 28470 Avenue Stanford, Santa Clarita, California consisting of approximately 3,344 rentable square feet of office space identified as Suite 130 for a total aggregate of 36,087 rentable square feet of office space, and reduced to 200 the total number of surface parking spaces, (the "Premises"), and;

WHEREAS, AG-POP VALENCIA, LLC, is the lawful successor-in-interest to ICW VALENCIA HOLDINGS, LLC, and retains all rights and responsibilities granted as a result thereof, and;

WHEREAS, AG-POP VALENCIA, LLC, acknowledges that the terms of this Amendment No. 2 to Lease No. 73639 will not become effective until such time that said Amendment is adopted by the Board of Supervisors of the County of Los Angeles, and;

WHEREAS, Lessee has effectively submitted to Lessor its Notice of Intent to Exercise the first of two (2) Options to Renew as described in Paragraph 2, subparagraph B, of the Lease, and;

WHEREAS, Lessor and Lessee desire to, among other points, amend the terms of the Lease to document the extension, increase the monthly rental rate, provide the Lessee a right to cancel the lease, provide the Lessee with a tenant improvement allowance to upgrade the Premises for the County's use.

NOW, THEREFORE, in consideration of the foregoing recitals, which are hereby deemed a contractual part hereof and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged and the rents, covenants and agreements herein contained, Lessor and Lessee hereby covenant and agree as follows:

1. **TERM:** Paragraph 2.A., ORIGINAL TERM, is hereby amended such that upon adoption of this Amendment No. 2 by the Board of Supervisors of the County of Los Angeles, unless cancelled pursuant to Paragraph 3 of this Amendment No. 2, or otherwise terminated in accordance with the provisions of the original Lease, the term of this Lease as amended is hereby extended from May 21, 2012 (the "Option Term Commencement Date ") and shall end five (5) years thereafter. The Option Term Commencement Date up to and including the Option Term Expiration Date shall be referred to as the "Option Term."
2. **RENT:** Paragraph 3, RENT, is hereby deleted in its entirety and the following is substituted therefor:

Rental payments in the total amount of \$75,060.96 (\$2.08 per rentable square foot of the Premises), per month, shall be due in advance without demand, deduction, or offset on or before the first (1st) day of each and every month of the Option Term. Rent for any fractional calendar month at the commencement or end of the Option Term shall be prorated on a daily basis. Upon execution of this Amendment No. 2, Landlord shall file a payment voucher with the Auditor of the County of Los Angeles (the "County") for all amounts due under the Lease through June 2012. Landlord shall file a payment voucher with the County every June thereafter for payment of the amounts due under the Lease for each ensuing 12 months of the Lease term.

During the Lease term or any renewal, extension, or holdover thereof, Lessee shall pay all electricity charges for the Initial Premises in accordance with Paragraph 10 of the original Lease. Lessee hereby agrees to pay electricity charges for the remaining portion of the Premises (i.e., Suite 130), which shall not exceed the sum of \$668.80 (or \$.20 per rentable square foot), per month, during the Lease term or any renewal, extension, or holdover thereof in accordance with Paragraph 2 of Amendment No. 1.

3. **CANCELLATION:** Lessee shall have the right to cancel this Lease Amendment No. 2, at or any time after thirty-six (36) months of this Option term by giving Lessor not less than one-hundred-eighty (180) days prior written notice by Chief Executive Office letter.

Except as expressly provided in the Lease and this Amendment No. 2, Lessee shall have no right to early cancellation of the Lease. In addition, the cancellation rights described in Paragraph 5 of the Lease and Paragraph 3 of Amendment No. 1 shall be null, void and of no further force or effect. In the event that the Lease is canceled by Lessee, as provided herein, Lessee shall remain liable for all amounts due and owing thereunder up to and including the cancellation date. Lessee shall, at all times during the Option Term, be required to comply with all terms, covenants, and conditions of the Lease.

4. PREPARATION OF PREMISES: Paragraph 32, PREPARATION OF PREMISES, is hereby added to the Lease as follows:

A. Lessor, at its sole cost and expense, but not to exceed \$180,435, or \$5.00 per rentable square foot of the Premises, shall paint the Premises and install new carpet squares (which installation shall include the lifting and replacement of the modular furniture throughout the Premises as necessary). Lessor shall perform all Preparation of Premises work after normal business hours and on weekends. Lessor shall complete the Preparation of the Premises work within one hundred twenty (120) days of the Option Term Commencement Date (the "Completion Deadline").

B. The Completion Deadline shall be delayed on a one-to-one basis for each day Lessor's Preparation of Premises is delayed by:

- i. Acts or omissions of Lessee or of any employees or agents of Lessee (including without limitation change orders in the work), or
- ii. Any act of God which Lessor could not have reasonably foreseen and provided for, or
- iii. Any strikes, boycotts or like obstructive acts by employees or agents of Lessor or labor organizations which Lessor cannot overcome with reasonable effort and could not reasonably have foreseen and provided for, or
- iv. Any war or declaration of a state of national emergency, or
- v. The imposition by government action or authority of restrictions upon the procurement of labor or materials necessary for the completion of the Building and/or Premises.

C. In the event Lessor should fail, neglect or refuse to commence work on Lessee's Preparation of Premises as required by this Paragraph 32, or fail, neglect or refuse to pursue Lessee's Preparation of Premises with reasonable diligence to completion, then Lessee at its sole discretion may perform or cause to be performed said Preparation of Premises and deduct the cost thereof from the installments of rent next due as a charge to the Lessor.

The Premises shall meet all applicable City, County, State and Federal building codes, regulations and ordinances required for beneficial occupancy before the Preparation of Premises shall be deemed complete.

D. If Lessee's Preparation of Premises has not been completed within one-hundred-twenty (120) days from the Option Term Commencement Date, Lessee may, at its option:

- i. Cancel the Lease upon thirty (30) days written notice to Lessor; or
- ii. Upon thirty (30) days written notice to Lessor, assume the responsibility for providing the Preparation of Premises itself.

If Lessee elects to provide the preparation of premises itself, then:

- (1) Lessee, its officers, employees, agents, contractors and assignees, shall have free access to the Premises at all reasonable times for the purpose of the preparation of premises and for any other purposes reasonably related thereto; and
- (2) Rent shall be reduced by Lessee's total expense in providing the preparation of premises, including any financing charges for capital and a reasonable amount for Lessee's administrative costs, and including without limitation interest at the rate of ten percent (10%). The rent reduction schedule shall be as mutually agreed between the parties or, if no such agreement is made, Lessee's total expense shall be fully amortized in equal monthly amounts over the remaining Option term.

5. **PARKING SPACES:** Lessee has the right to the non-exclusive use of two-hundred (200) unreserved parking spaces pursuant to the Lease, as amended by Amendment No. 1. Provided that Lessor has leased at least ninety percent (90%) of the project (consisting of multiple buildings) and continuing until the project is one-hundred percent (100%) leased, Lessor, in its sole and absolute discretion, shall have the right upon thirty (30) days advance written notice to Lessee, to revoke Lessee's right to use up to fifty-six (56) parking spaces and reduce the number of parking spaces based upon four (4) parking spaces per one-thousand (1,000) rentable square feet leased. Such percentage shall include any space that is under a lease contract with Lessor regardless of whether such space is physically occupied by a tenant. Lessor shall provide documentation showing that at least ninety (90%) of the project has been leased upon exercising its right to revoke the parking spaces. Lessor shall make its best efforts to provide Lessee with a minimum of one hundred forty-four (144) unreserved parking spaces while Lessee is leasing the Premises.
6. Wherever a conflict exists between the terms of this Amendment No. 2, Amendment No. 1, and the original Lease, the terms and conditions of Amendment No. 2 shall prevail. All other terms and conditions of the original Lease and Amendment No. 1 shall remain unchanged and are hereby reaffirmed in full force and effect.

IN WITNESS WHEREOF, the Lessor has executed this Amendment No. 2 to Lease and Agreement No. 73639 or caused it to be duly executed, and the Lessee by order of its Board of Supervisors, has caused this Amendment No. 2 to be executed on its behalf by the Chair of said Board and attested by the Clerk thereof the day, month, and year first above written.

LESSOR:

AG-POP VALENCIA, LLC
a Delaware limited liability company

By: Parallel Capital Partners, Inc.,
a California corporation

By: Michael Burer
Michael Burer

Its: CFO

COUNTY OF LOS ANGELES
a body politic and corporate

By: _____
ZEV YAROSLAVSKY
Chairman, Board of Supervisors

ATTEST:

SACHI A. HAMAI
Executive Officer-Clerk
of the Board of Supervisors

By: _____
Deputy

APPROVED AS TO FORM:

JOHN F. KRATTLI
Acting County Counsel

By: Byron Shibata
Byron Shibata
Deputy